

## REMARKS

New claims 207-357 have been added to further protect applicant's invention. Claim 207 is an independent claim and claims 208-258 depend therefrom.

The claims have been rejected under 35 USC 101 for a failure to produce a useful result when fixed in a tangible medium and for failing to have a connection to the technological arts. This rejection is respectfully traversed to the extent that it is applied to the claims as amended.

Claims 1, 94, 204 and 206 have been amended to clarify that several of the steps or components are electrical steps or components, and the system claim has been amended to add hardware elements and the program product claim has been amended to add computer readable media, thereby obviating the part of the rejection under 35 USC 101 relating to a failure to have a connection to the technical arts.

The tangible result produced by the claims comprises the making of a decision regarding the offering of an incentive, and the offering of that incentive to the buyer entity. Thus, a benefit is created for both advertiser and buyer entity, a benefit which would not exist absent the present inventive system. This seems to more than satisfy the language of the State Street case, ('the transformation of data ....through a series of calculations....to produce a useful, concrete and tangible result'), as well as the MPEP 2106 (p.2100-10 and following pages). The claims have been amended to simply more clearly recite the steps or components.

The decision on the offering of an incentive, which is provided to some buyer entities but not to others, is similar to the tangible results described in the following excerpt quoted is from the State Street opinion, 149 F.3d at 1373, 47 USPQ2d at 1601

*"the transformation of data, representing discrete dollar amounts, by a machine through a series of mathematical calculations into a final share price, constitutes a practical application of a mathematical algorithm, formula, or calculation, because it produces 'a useful, concrete and tangible result' – a final*

*share price momentarily fixed for recording and reporting purposes and even accepted and relied upon...in subsequent trades."*

Similarly to State Street, the present inventive system, and the transformation of data that it produces, forms the basis for subsequent transactions, which comprise the offering, and possible later acceptance of an incentive. (As well as other further transactions, as described in the specification. Note that this is especially true when the incentive is a preferential incentive as in the current claim 1 or in claims 204 and 207, and the claims that depend on 1, 204 and 207. )

In the third substantive office action in this case (and the seventh office action related to this case), the examiner mainly relies on the Goldhaber patent which has been disclosed as prior art from the very outset of the filing of the application, as well as on Day and Weinblatt.

**Previously submitted Affidavits**

We wish to reiterate that the affiants who have sworn to the previously submitted affidavits are among the nation's most recognized and leading authorities in the field, far exceed those of the average practitioner. As stated in the affidavits, our affiants are well aware of the Goldhaber reference. In addition, the Day system is known in the art by its implementation by Catalina Corporation, and the disclosures of the Weinblatt reference are today also well within the knowledge of the affiants. These experts uniformly stated they were not aware of any prior art which would make the present invention novel and nonobvious. These affidavits should be given their full consideration as per MPEP § 1.132, and the examiner is respectfully asked why she rejects the opinion of these experts in her consideration of the merits of the present application. Should the examiner require that we submit updated affidavits that explicitly cite all of the prior art references that have been newly cited by the examiner as a final condition of patentability, we would be happy to request and provide her with these affidavits.

### **System Definition**

The system for purposes of the present application and for the system claims listed in the present amendment and reply is defined as all elements in a network of entities, which perform an essential work or service function for the deliberate purposes of cooperating with the procurement of data by the network, and/or with the creation of value based on the processing and utilization of these data by the network, and/or with the provision of consideration offered in return for the receipt of such data. Note that the buyer entities, although they actively cooperate with and participate in the system, as described in the specification, are not part of the system itself since they do not perform a work or service function, but instead perform what we refer to as a use or consumption function in relation to the present inventive system.

### **Discussion of Claim 1**

None of the references discloses or suggests receiving third party purchase records (or derived data) on the initiative and with the consent of the consumer.

This step is simply not present in Goldhaber: The examiner acknowledges that "data associated with the purchase of products or services for which the payment was not carried out by the system" may not be disclosed by Goldhaber, but insists on page 3 and page 6 that the receiving of at least one third party purchase record or data derived therefrom is disclosed in Goldhaber. The examiner cites only two specific references for such disclosure: col. 7, 1 31-32 references and the col. 6, 1.50-60, which are quoted as follows:

col. 6, 1.50-60:

Quote

The demographic profiles can be constructed through interest questionnaires that the consumer completes when subscribing to the service, and also through electronic tracking of his/her usage of the service (and other habits). Thus, the profiles can be dynamic, evolving with the customer's transaction history. A customer can choose to exclude any transaction (e.g., viewing of certain material or purchasing of certain products) from his profile. Profiles can also be interactive in that a customer may edit his profile at any time to add or delete interest features, and to delete any transaction records. Thus, for example, the customer can delete historical transaction entries

evidencing her purchase of an "adult" film if desired. Similarly, the customer can change her profile to express interest in seeing certain types of automobile advertisements, and then, after she has selected and purchased a new car, delete those profile entries.

Unquote

And, in an example citing how a user would use the Goldhaber system, Col.7 131-32:

The ads would be preselected for her on the basis of a personal profile questionnaire that she has completed plus automatic tracking of her previous Internet usage.

Clearly, these citations do not support the Examiner's contention that the submission of third party purchase records -- or even the submission of *any* purchase records -- by buyer entities is disclosed in Goldhaber.

The examiner also cites columns 13-20, which is approximately half of the text of the Goldhaber patent, and too large a section to reproduce in its entirety here. Not only does this section contain no reference at all that could in our opinion reasonably be construed as the submission of third party proof of purchase records, but much of the text of these columns actually teaches away from the submission of third party purchase records. Indeed, much of the effort of obtaining and processing a "consumer interest profile" would be unnecessary if the Goldhaber system would facilitate the submission of third party purchase records. This is because records are a far more reliable and comprehensive form of profiling than the manual submission of an interest and demographic profile, which forms the basis of the customization in the Goldhaber system.

The Goldhaber patent does not disclose or suggest the capability of tracking transactions which occur outside its system, nor does it disclose even a single step that would enable a practitioner to capture a users online transactions other than those that are transacted via the Goldhaber system itself. Nor does Goldhaber disclose or even suggest consumers capturing their own purchase records for profiling purposes, as described in the specification for the present inventive system. Rather, Goldhaber discloses constructing demographic profiles through "interest questionnaires that the consumer completes" (col. 6, lines 50-51; note that these questionnaires as disclosed by Goldhaber do not even contain questions relating to the

past purchases of consumers), and through electronic tracking of the consumer's usage of the system itself (col. 6, lines 52-55). The limitations of these methods for gathering data have been discussed in the specification of the present patent application, beginning with paragraphs 5 to 12. The provision of third party purchase records by the consumer himself is missing.

Likewise, the above mentioned step is also not present in Weinblatt: i.e., *third party purchase records are not submitted on the initiative and consent of the buyer entity*. Weinblatt's inventive system explicitly and unambiguously depends on and begins with the "produc[tion] of a [specialized] machine readable record ... " by the retail store [the seller of the products] [abstract] "with *a suitably modified* cash register" (col. 8, line 13) (all emphases are added unless stated otherwise, the patent also refers to the need for retrofitting these cash registers, col 10, 1.32). This cash register must include a printer which can be a conventional device used to print receipts. *However*, the output of [the] apparatus (...) *must* also generate a machine-readable record which can be read by the apparatus [further] discussed" (col 8, 1.61-64) in the Weinblatt patent. A specialized home unit is also built and provided to the user by the operator of the Weinblatt inventive system to read this machine readable record. It is therefore clear that the submission of purchase records in Weinblatt does not at all occur "on the initiative and with the consent" of the buyer entity, as defined in the claims and applicant's *Buyer-Driven Targeting* specification, which explicitly states that the "active cooperation [outside the ordinary course of business] and explicit permission of the company that provides these [purchase] records" is not required.

The receiving step is also not present in Day, since there is again no submission of purchase records by the buyer as defined in the claim language, and the transaction records used in Day are sales data captured at the point of sale.

Additionally, the making a decision step with respect to a preferential incentive and the offering of the preferential incentive is not disclosed in Goldhaber. The examiner seems to tentatively admit to this at page 9 of the office action. Note that the offering of the preferential incentive (an incentive not normally accessible to the buyer entity, as per the

claim language) is essential. Otherwise, why would a buyer entity submit its purchase records if the incentive is available regardless of such submission ?

This limitation is likewise not present in Weinblatt: no preferential incentives at all. Further, in Weinblatt, the purchase records do not "*compris[e] data associated with the purchase of products or services for which the payment was not carried out by the system.*"

The receiving step is also not present in Day, since there is again no submission of purchase records by the buyer as defined in the claim language, and the transaction records used in Day are sales data captured at the point of sale, *not "data associated with the purchase of products or services for which the payment was not carried out by the system."*

Contrary to suggestions by the Examiner, although Day discloses highly customized and targeted incentives, and mentions providing for an automated negotiating process with customers wherein an offer rejection is followed by a new offer on improved terms, Day does not disclose preferential incentives per se, i.e., incentives offering a "*benefit not normally and publicly accessible to said buyer entity or other buyer entities in the same geographic region on terms which are at least objectively equivalent, and which do not include material conditions that are different from said at least one action.*" Day does not suggest or recommend that his system be used to meet this defined threshold, separating a preferential incentive from a run-of-the-mill targeted discount available through other venues.

The preferential nature of the incentives that are being provided by the present inventive system is in marked contrast to a normal customized advertising or content distribution system, which might offer some advertisements and some promotions to some customers based on the purchase history or other information of these consumers, but which does not offer preferential incentives. The purpose of such a customized advertising system, such as the banner ad distribution system used by Doubleclick, which serves banner ads based on a user's browsing history, is not to offer a reward to a consumer with a particular browsing history that is offered on better terms than those that are available to other consumers, but primarily to reduce the cost of showing such an ad (i.e. of distributing advertising content) by presenting it to a limited group. Moreover, the consumer presented with the ad normally has

access to the same products advertised in other banner ads, and on the same terms offered to those who see these banner ads. By contrast, to implement a system in accordance with the claimed invention that not only offers customized content but preferential and superior incentives, it is important that the offer is tied to significant verifiable purchase information (which in a preferred embodiment will be made at multiple points of sale, and via multiple retail outlets).

In a preferred implementation such purchase information will be competitive information, i.e. information on the purchases that a buyer entity made with alternative providers of the advertised product. A Day system could not be retrofitted or adapted to the provision of such highly competitive incentives without raising a conflict with these other providers. Any manufacturer of a product would be less willing to sell a product through a particular channel, if the sales information would be allowed to be used by his competitors for the purpose of poaching these customers. As previously stated, the present inventive system as described in the claim 1 embodiment eliminates or significantly reduces this problem by allowing consumers and other buyer entities to enable and control the provision of purchase records.

**Summary for the 6 elements for claim 1**

With respect to the 6 elements discussed in the prior prosecution history of this application, they are now defined in claim 1 as follows:

No.	Some of the Relevant Claim 1 language	
1	Third party purchase records from outside the system	said purchase record or information derived therefrom comprising data associated with the purchase of products or services for which the payment was not carried out by the system (see also system definition above)
2	On initiative and with consent of buyer entity	<u>receiving from each of a plurality of buyer entities at least one respective third party purchase record or information derived therefrom, said purchase record or</u>

information derived therefrom comprising data associated with the purchase of products or services for which the payment was not carried out by the system, wherein the receipt of the third party purchase record or information derived therefrom occurs on the initiative and with the consent of the buyer entity associated with that purchase record; (and, definition of on the initiative and with the consent as per specification).

3 Third party purchase records

receiving...at least one third party purchase record or information derived therefrom, see above "payment not carried out by the system"

4 incentives promote the product of a third party with a distinct business activity

manufacture, marketing, distribution, point of sale payment or provision of the "advertised" product or service is not carried out by the system in the ordinary course of business

5 preferential incentives

said benefit not normally and publicly accessible to said buyer entity or other buyer entities in the same geographic region on terms which are at least objectively equivalent, and which do not include material conditions that are different from said at least one action, said decision regarding the at least one incentive that is to be offered to the buyer entity being based at least in part on stored data relating to purchases made by said buyer entity with merchants other than the third party advertiser that is associated with the incentive; said decision regarding the at least one incentive that is to be offered to the buyer entity being based at least in part on stored information associated with the data relating to a purchase made by said buyer entity with a merchant other than the third party advertiser that is associated with the incentive



6	Anonymity	without having transferred to said third party advertiser any full name associated with said buyer entity at the time that the incentive is offered but has not yet been responded to by said buyer entity, with the condition precedent for this step that the system has received from that buyer entity the at least one respective third party purchase record or information verifiably derived therefrom
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The disclosure of these elements in the three leading prior art references, with the elements defined by their full claim language as quoted above, is summarized below:

NO.		Ghbr	Wblt	Day
1	From outside the system	NO	NO	NO
2	On initiative and with consent of buyer entity	NO	NO	NO
3	Third party purchase records	NO	NO	NO
4	Incentives promote the product of a third party with a distinct business activity	YES	NO	NO
5	Preferential incentives	NO	NO	NO
6	Anonymity	YES	NO	NO

#### Claimed Synergies for Claim 1

Although the Patent law as set forth in the statutes and case law requires only that a combination be useful, novel and non-obvious for patentability, we have the following synergies with respect to the claim 1 embodiment of the present inventive system.

The first synergy which we hereafter refer to as the "buyer-procured data synergy" is based on the synergistic effect of allowing buyer entities to make their purchase records

anonymously available to allow merchants/advertisers to offer preferential incentives and flows from the claim language "receiving from each of a plurality of buyer entities at least one respective *third party purchase record* or information derived therefrom, said purchase record or information derived therefrom comprising data associated with the purchase of products or services for which the payment was not carried out by the system, wherein the receipt of the third party purchase record or information derived therefrom occurs on the initiative and with the consent of the buyer entity associated with that purchase record; " "making with respect to at least one of said buyer entities, based at least in part on said data, at least one decision"; facilitating the offering of at least one of said preferential incentives to said buyer entity, without having transferred to said third party advertiser any full name associated with said buyer entity at the time that the incentive is offered but has not yet been responded to by said buyer entity, with the condition precedent for this step that the system has received from that buyer entity the at least one respective *third party purchase record* or information verifiably derived therefrom"). As stated repeatedly in the prior prosecution history and in the specification, the fact that the purchase record data emanates from the buyer entity opens new possibilities and avenues for their use.

In fact, a product or service sales transaction requires the participation of only two parties: the buyer and the seller. Information on the purchases that buyer entities make with companies, (and the privilege of communicating with and sending preferential contingent incentive offers to such buyer entities) can therefore only be obtained either from these buyer entities, or from the companies that sold them products and services. However, there continue to be significant barriers and problems relating to third parties obtaining information from either sellers or buyers.

An advertiser can generally not obtain reliable and relevant purchase information from competing sellers, because these merchants will not want to make their customer lists available to their immediate competitors. Similarly, a retailer will likely refuse payments made with the card of a credit card company which forwards that retailer's transaction data to competitors. For example, if the Discover credit card division sends to Macy's all information relating to the purchases made with Discover cards at Nordstrom's, including the names and addresses of the customers that made these Nordstrom purchases, Nordstrom would most probably refuse to continue to accept Discover cards for payments. Furthermore,

merchants can generally not sell the individually identifiable information of consumers without obtaining the permission of those consumers (or informing those consumers of their practices in this regard, and allowing those consumers to opt-out). This is because of privacy laws, such as the Gramm-Leach-Bliley Act, and public pressure. From the consumer standpoint, consumers will only rarely let a company – even one that they trust – resell their personal transaction data, because they do not know nor can they control how their information is used by the party or parties to whom their data is sold. Furthermore and importantly, no single seller can provide a comprehensive profile about a particular buyer entity because that seller generally only possesses a fraction of that buyer entity's purchase history – records of the transaction that the buyer entity made with that seller

From the advertiser's standpoint, it is as difficult to obtain reliable and relevant purchase information directly from buyer entities as it is to obtain such information from sellers. The advertiser faces significant problems in trying to purchase the buyer entity information directly from the buyer entity itself. First, a fundamental conundrum (the valuation problem) arises when a merchant attempts to purchase buyer entity information for cash; namely the merchant cannot cost-effectively pay cash for information until the merchant has seen and evaluated the information and determined its value (which varies widely among buyer entities). But then the merchant has the information and the buyer entity's identity! Second, the actual value of a buyer entity's information further depends on an unknown variable; namely, the willingness and propensity of that buyer entity to actually respond to any promotions that are later sent to that buyer entity on the basis of the information it has provided. However, this propensity to respond to future promotions is not known at the time that the information is purchased. Third, buyer entities will not trust most advertisers with their individually identifiable transaction information. Fourth, although buyer entities are sometimes willing to answer questions about their purchase behavior in exchange for a reward, such information is known to be highly unreliable because very few consumers answer these questions truthfully. Consumer answers would become even less reliable if they knew that the answer they give to questions would be routinely used to give better rewards to some consumers than to others, because consumers would then have an incentive to lie about their true purchase behavior.

The second synergy of the present inventive system relates to the mutually reinforcing effect of a having a growing number of buyer entities and merchants avail themselves of the present inventive system (this synergy is hereafter referred to as the "snowball synergy"), and flows from the claim language "receiving from each of a plurality of buyer entities at least one *respective third party purchase record* or information derived therefrom, said purchase record or information derived therefrom comprising *data associated with the purchase of products or services for which the payment was not carried out by the system*, wherein the receipt of the third party purchase record or information derived therefrom occurs *on the initiative and with the consent of the buyer entity* associated with that purchase record; "for a *plurality of product or service items* offered for sale, wherein each different item in said plurality of items is either manufactured or marketed or distributed or provided *by a different third party advertiser in a plurality of third party advertisers*, and wherein said manufacture, marketing, distribution, point of sale payment or provision of the product or service is *not carried out by the system in the ordinary course of business, electronically making or helping make* with respect to at least one of said buyer entities, based at least in part on said data, at least one decision associated with the offering of at least one from among a *plurality of different preferential incentives*, with each incentive associated with at least one of said product or service items and associated with at least one of the third party advertisers, wherein there is at least one different preferential incentive from each of a plurality of the different third party advertisers...*said benefit not normally and publicly accessible to said buyer entity or other buyer entities in the same geographic region on terms which are at least objectively equivalent*, said decision ...being based at least in part on *stored information associated with the data relating to a purchase made by said buyer entity with a merchant other than the third party advertiser that is associated with the incentive.*" In fact, an ever-increasing cross-industry and across multiple industries database of verifiable buyer entity purchase information is incited by an ever-increasing cross-industry set of contingent preferential incentives, and vice versa. The greater the number of participating buyer entities that are willing to provide data unencumbered by the usual restrictions that come when purchase data is obtained from sellers, the greater the attractiveness of the present system to new third party advertisers. In turn, as the number of third party advertisers increases, the system becomes increasingly attractive to buyer entities, and the number of participating buyer entities increases as well.

Third, the present invention has a similar synergistic effect with respect to the virtuous cycle between the provision of information by a buyer entity and the buyer entity's response to system-generated incentive offers (this third synergy is hereafter referred to as "the virtuous circle") and flows from the claim language "receiving *from* each of a plurality of buyer entities at least one respective third party purchase record or information derived therefrom, said purchase record or information derived therefrom *comprising data associated with the purchase of products or services for which the payment was not carried out by the system*, wherein the receipt of the third party purchase record or information derived therefrom occurs *on the initiative and with the consent of the buyer entity* associated with that purchase record; said benefit not normally and publicly accessible to said buyer entity or other buyer entities in the same geographic region on terms which are at least objectively equivalent, and which do not include material conditions that are different from said at least one action, said decision regarding the at least one incentive that is to be offered to the buyer entity being based at least in part on stored information associated with the data relating to a purchase made by said buyer entity with a merchant other than the third party advertiser that is associated with the incentive." As a buyer entity augments its profile with increasingly comprehensive and varied information, it receives better (more highly remunerated) incentive offers, and becomes more likely to respond. As it responds by purchasing products or accepting incentive offers, that information will normally be uploaded into the system as well. Because advertisers/merchants have the greatest interest in paying for the provision of incentive offers to those buyer entities that have a track record of previously responding to system-generated incentive offers, the attractiveness of their incentive offers increases further, which increases the response of buyer entity, and so forth.

A fourth synergy that the present system generates is that advertisers compete for the business of buyer entities by setting incentive reward levels that will give their particular incentive offer a higher standing as buyer entities sort their incentive offers by level of attractiveness, or as the system presents these offers to buyer entities in a sequence determined by their value and flows from the claim language "receiving *from* each of a plurality of buyer entities at least one respective third party purchase record; wherein the receipt of the third party purchase record or information derived therefrom occurs *on the initiative and with the consent of the buyer entity*; for a plurality of product or service items

offered for sale... not carried out by the system in the ordinary course of business; at least one decision associated with the offering of at least one from among a plurality of different preferential incentives, with each incentive associated with at least one of said product or service items and associated with at least one of the third party advertisers, wherein there is at least one different preferential incentive from each of a plurality of the different third party advertisers, each of said incentives offering at least one benefit in exchange for at least one action ...said benefit not normally and publicly accessible to said buyer entity or other buyer entities in the same geographic region on terms which are at least objectively equivalent; facilitating the offering of at least one of said preferential incentives to said buyer entity, without having transferred to said third party advertiser any full name associated with said buyer entity at the time that the incentive is offered but has not yet been responded to by said buyer entity, with the condition precedent for this step that the system has received from that buyer entity the at least one respective third party purchase record or information verifiably derived therefrom". We refer to this synergy as the "internal competition synergy".

Allowing a plurality of advertisers to obtain anonymous access to potential customers, and allowing them to compete for these customers based on their likely value by submitting preferential offers, inevitably results in a competition for the time and consideration of valuable customers. As a result of this competition, a market is effectively created for the new business of a buyer entity, based on that buyer entity's purchase record, and its demonstrated propensity to respond to incentive offers for new products and services. Buyer entities get attractive offers for those products and services that they buy most frequently.

#### **Conclusion for Claim 1**

In conclusion, the invention represents a fundamental exchange begun by the buyer entity of anonymized verifiable information against preferential incentive offers ("receiving...a third party purchase record...from the buyer entity...on the initiative and consent;...making...at least one decision [with respect to one of multiple potentially diverse preferential incentives], "facilitating the offering" [of the preferential incentive]). None of the references above, contemplates such an exchange between buyer entities and merchants, or discloses either the submission of third party purchase records as defined in the claim language, or the offering of

preferential incentives, as defined in the claim language, as a driving motivator for the exchange.

In the three preceding office actions, the Examiner has made three extraordinarily thorough attempts to retroactively and with the benefit of hindsight piece together the defining elements of the present inventive embodiment. All office actions have been marked by a highly unusual amount of effort and skill, and an extraordinary zeal and determination to take the conceivably most adversarial positions to the present application, in keeping with the current practiced policy of the patent office in its current disposition of 705 patent applications.

Nevertheless, the key elements required for claim 1 are missing in the cited prior art. Further, what is additionally missing is a motivation to combine the examiner's multi-reference combination into a system that is not only viable, but more importantly, a system that meets applicant's claim limitations.

#### **Discussion of Claim 207**

New claims 207- 357 have been added to the case. Claim 207 is an independent method claim that is based on the receipt of "third party purchase record or information derived therefrom," and includes the steps of electronic storage of the information, electronically making a decision regarding the offering of at least one from among a plurality of different incentives from third party advertisers, and finally facilitating the offering of the at least one incentive to the buyer entity with the recited condition precedent. The most glaring difference from the cited prior art is the receipt of the data comprising the at least one third party purchase record or information derived therefrom. In this context, "third party" means exactly that – third party –, and not an internal or system generated record. *We contend that the very fact that the Examiner has in seven office actions relating to this case not uncovered a single reference that contains this crucial element would in itself be sufficient to find in favor of the non-obviousness of the present inventive system.* (The Examiner has now conducted seven searches relating to claims that contain this element

based on the present application or on parallel applications with a substantially identical specification. In addition there were two additional searches of the prior art, one by Lacasse and Associates and one by the applicant have been conducted, and the results presented to Examiner Le at the outset of the examination.)

Note again that Goldhaber does not disclose the bringing in of third party purchase records or information derived therefrom. Day is an internal incentive system for use by particular retailer based on internally generated data at the point of sale at that retailer and for internal presentation of internally generated offers at the check-out counter of the retailer (see Col. 6, lines 20-21) that avails itself of the Day system. Day does not contemplate extension of its system beyond the confines of a single retailer. Even at the highest level, Day describes his system as one that extends to different stores of a retailer but not beyond (see 1.60-64, col3.) Weinblatt does not disclose using third party purchase records for products of other retailers to make a decision on offering an incentive for a merchant/advertiser unrelated to the purchase (see col. 13, line 20 – col. 14, line 39).

None of the references discloses or suggests receiving third party purchase records (or derived data) on the initiative and with the consent of the consumer.

This step is simply not present in Goldhaber: The examiner acknowledges that “data associated with the purchase of products or services for which the payment was not carried out by the system” may not be disclosed by Goldhaber, but insists on page 3 and page 6 that the receiving of at least one third party purchase record or data derived therefrom is disclosed in Goldhaber. The examiner cites only two specific references for such disclosure: col. 7, 1 31-32 references and the col. 6, 1.50-60, which are quoted as follows:

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The demographic profiles can be constructed through interest questionnaires that the consumer completes when subscribing to the service, and also through electronic tracking of his/her usage of the service (and other habits). Thus, the profiles can be dynamic, evolving with the customer's transaction history. A customer can choose to exclude any transaction (e.g., viewing of certain material or purchasing of certain products) from his profile. Profiles can also be interactive in that a customer may edit his profile at any time to add or delete interest features, and to delete any transaction



records. Thus, for example, the customer can delete historical transaction entries evidencing her purchase of an "adult" film if desired. Similarly, the customer can change her profile to express interest in seeing certain types of automobile advertisements, and then, after she has selected and purchased a new car, delete those profile entries.

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And, in an example citing how a user would use the Goldhaber system, Col.7 131-32:

The ads would be preselected for her on the basis of a personal profile questionnaire that she has completed plus automatic tracking of her previous Internet usage.

Clearly, these citations do not support the Examiner's contention that the submission of third party purchase records -- or even the submission of *any* purchase records -- by buyer entities is disclosed in Goldhaber.

The examiner also cites columns 13-20, which is almost half of the text of the Goldhaber patent, and too large a section to reproduce in its entirety here. Not only does this section contain no reference at all that could in our opinion reasonably be construed as the submission of third party proof of purchase records, much of the text of these columns actually teaches away from the submission of third party purchase records. Indeed, much of the effort of obtaining and processing a "consumer interest profile" would be unnecessary if the Goldhaber system were to facilitate the submission of third party purchase records. This is because records are a far more reliable and comprehensive form of profiling than the manual submission of an interest and demographic profile, which forms the basis of the customization in the Goldhaber system.

The Goldhaber patent does not disclose or suggest the capability of tracking transactions which occur outside its system, nor does it disclose even a single step that would enable a practitioner to in any way capture a users online transactions other than those that are transacted via the Goldhaber system itself. Nor does Goldhaber disclose or even suggest consumers storing their own purchase records for profiling purposes, as described in the specification for the present inventive system. Rather, Goldhaber discloses constructing demographic profiles through "interest questionnaires that the consumer completes" (col. 6, lines 50-51; note that these questionnaires as disclosed by Goldhaber do not even contain questions relating to the past purchases of consumers), and through electronic tracking of the

consumer's usage of the system itself (col. 6, lines 52-55). The limitations of these methods for gathering data have been discussed in the specification of the present patent application, beginning with paragraphs 5 to 12. In Goldhaber, the provision of third party purchase records by the consumer (or by another buyer entity) is simply missing.

Likewise, the above mentioned step is also not present in Weinblatt: i.e., *third party purchase records are not submitted*. Weinblatt's inventive system explicitly and unambiguously depends on and begins with the "production of a [specialized] machine readable record ... " by the retail store [the seller of the products] [abstract] "with a suitably modified cash register" (col. 8, line 13) (all emphases are added unless stated otherwise, the patent also refers to the need for retrofitting these cash registers, col 10, 1.32). This cash register must include a printer which can be a conventional device used to print receipts. However, the output of [the] apparatus (...) *must* also generate a machine-readable record which can be read by the apparatus [further] discussed" (col 8, 1.61-64) in the Weinblatt patent. A specialized home unit is also built and provided to the user by the operator of the Weinblatt inventive system to read this machine readable record. It is therefore clear that there is no submission of purchase records in Weinblatt by the buyer entity that is independent of and autonomous from the specific and dedicated cooperation of the issuer of these purchase records, whose actions outside of the ordinary course of business are essential to the workings of the Weinblatt system. This contrast with the 207 claim language and applicant's *Buyer-Driven Targeting* specification, which explicitly states that the fact that the "active cooperation [outside the ordinary course of business] and explicit permission of the company that provides these [purchase] records [is not required]" is essential to the functioning of applicant's inventive system (see specification, paragraph 152).

Contrary to suggestions by the Examiner, although Day discloses highly customized and targeted incentives, and mentions providing for an automated negotiating process with customers wherein an offer rejection is followed by a new offer on improved terms, Day does not disclose the making of incentive decisions "*based at least in part on ... data*" emanating from third party purchase records. Day does not suggest or recommend that his system be used to acquire the quality, quantity and depth of knowledge that can only be obtained by opening the system to the buyer-driven submission of third party purchase records, and

accordingly Day's system does not enable a retailer to provide a preferential incentive to consumers which can be distinguished from a run-of-the-mill targeted discount available through other venues.

A Day system could not be retrofitted or adapted to the provision of highly competitive incentives without raising a conflict with these other providers. Any manufacturer of a product would be less willing to sell a product through a particular channel, if the sales information would be allowed to be used by his competitors for the purpose of poaching these customers. The present inventive system as described in the claim 207 embodiment eliminates or significantly reduces this problem by allowing consumers and other buyer entities to enable and control the provision of purchase records.

Note the following for claim 207 and all claims that depend on 207 except for claims 209 and 210 and claims that depend on 209 and 210 (and for the respective parallel product and system claims): The submission of purchase records by the buyer entity as comprised in these claims now are broad enough to encompass the submission of purchase records that occurs as the result of using a credit card (or other payment card) issued by the company that operates the present inventive system, as described in paragraph 153 of the current specification. (Quoted paragraph numbers refer to the current publication of the text of the patent application on the USPTO website.)

**Summary for 4 of the distinctive elements of claim 207**

Claim 207 presents at least four distinctive elements relative to the prior art. These elements are far sufficient to distinguish the inventive system of claim 207 from the prior art:

No.	Some of the Relevant Claim 207 language	
1	Third party purchase record data	comprising at least one respective third party purchase record or information derived therefrom
2	Received from the buyer entity	receiving data <u>from each of a plurality of buyer entities</u>
3	Incentives are offered	for a plurality of product or service items offered for

based at least in part on  
the data

sale, wherein each different item in the plurality of items is either manufactured or marketed or distributed or provided by a different third party advertiser in a plurality of third party advertisers, electronically making with respect to at least one of the buyer entities, based at least in part on the data, at least one decision associated with the offering of at least one from among a plurality of different incentives, with each incentive associated with at least one of the product or service items and associated with at least one of the third party advertisers, wherein there is at least one different incentive from each of a plurality of the different third party advertisers, each of the incentives offering at least one benefit in exchange for at least one action associated with a purchase of at least one of the items...

offering incentives with  
the benefit of the prior  
receipt of this third  
party purchase data

facilitating the offering of at least one of the incentives to the buyer entity, with the condition precedent for this operation that the system has received from that buyer entity the at least one respective third party purchase record or information verifiably derived therefrom.

The disclosure of these elements in the three leading prior art references, with the elements defined by their full claim language as quoted above, is summarized below:

NO.		Ghbr	Wblt	Day
1	<u>Third Party Purchase Record Data</u>	NO	NO	NO
2	<u>Purchase Record Received from the Buyer Entity</u>	NO	NO	NO
3	<u>Incentive Decision based on this data</u>	NO	NO	NO
4	<u>Incentive Offering based on receipt of this data</u>	NO	NO	NO

**Claimed Synergies for Claim 207**

Although the Patent law as set forth in the statutes and case law requires only that a combination be useful, novel and non-obvious for patentability, we claim the following synergies are present with respect to the claim 207 embodiment of the present inventive system.

The first claimed synergy which we hereafter refer to as the "buyer-procured data synergy" is based on the synergistic effect of allowing buyer entities to make their purchase records available for the offering of incentives. It flows from the claim language: "*receiving data from each of a plurality of buyer entities comprising at least one respective third party purchase record or information derived therefrom*". As stated repeatedly in the prior prosecution history and in the specification, the fact that the purchase record data emanates from the buyer entity opens new possibilities and avenues for their use.

In fact, a product or service sales transaction requires the participation of only two parties: the buyer and the seller. Information on the purchases that buyer entities make with companies, (and/or the privilege of communicating with and sending contingent incentive offers to such buyer entities) can therefore only be obtained either from these buyer entities, or from the companies that sold them products and services. However, there continue to be significant barriers and problems relating to third parties obtaining information from either sellers or buyers.

An advertiser can generally not obtain reliable and relevant purchase information from competing sellers, because these merchants will not want to make their customer lists available to their immediate competitors. Similarly, a retailer will likely refuse payments made with the card of a credit card company which forwards that retailer's transaction data to competitors. For example, if the Discover credit card division sends to Macy's all information relating to the purchases made with Discover cards at Nordstrom's, including the names and addresses of the customers that made these Nordstrom purchases, Nordstrom

would most probably refuse to continue to accept Discover cards for payments. Furthermore, merchants can generally not sell the individually identifiable information of consumers without obtaining the permission of those consumers (or informing those consumers of their practices in this regard, and allowing those consumers to opt-out). This is because of privacy laws, such as the Gramm-Leach-Bliley Act, and public pressure. From the consumer standpoint, consumers will only rarely let a company – even one that they trust – resell their personal transaction data, because they do not know nor can they control how their information is used by the party or parties to whom their data is sold. Furthermore and importantly, no single seller can provide a comprehensive profile about a particular buyer entity because that seller generally only possesses a fraction of that buyer entity's purchase history – records of the transaction that the buyer entity made with that seller.

From the advertiser's standpoint, it is as difficult to obtain reliable and relevant purchase information directly from buyer entities as it is to obtain such information from sellers. The advertiser faces significant problems in trying to purchase the buyer entity information directly from the buyer entity itself. First, a fundamental conundrum (the valuation problem) arises when a merchant attempts to purchase buyer entity information for cash; namely the merchant cannot cost-effectively pay cash for information until the merchant has seen and evaluated the information and determined its value (which varies widely among buyer entities). But then the merchant has the information and the buyer entity's identity! Second, the actual value of a buyer entity's information further depends on an unknown variable; namely, the willingness and propensity of that buyer entity to actually respond to any promotions that are later sent to that buyer entity on the basis of the information it has provided. However, this propensity to respond to future promotions is not known at the time that the information is purchased. Third, buyer entities will not trust most advertisers with their individually identifiable transaction information. Fourth, although buyer entities are sometimes willing to answer questions about their purchase behavior in exchange for a reward, such information is known to be highly unreliable because very few consumers answer these questions truthfully. Consumer answers would become even less reliable if they knew that the answer they give to questions would be routinely used to give better rewards to some consumers than to others, because consumers would then have an incentive to lie about their true purchase behavior.

The second synergy claimed by the present inventive system relates to the mutually reinforcing effect of a having a growing number of buyer entities and merchants avail themselves of the present inventive system (this synergy is hereafter referred to as the "snowball synergy".) It flows from the claim language "receiving data from each of a plurality of buyer entities comprising at least one respective third party purchase record or information derived therefrom", "for a plurality of product or service items offered for sale, wherein each different item in the plurality of items is either manufactured or marketed or distributed or provided by a different third party advertiser in a plurality of third party advertisers, electronically making with respect to at least one of the buyer entities, based at least in part on the data, at least one decision associated with the offering of at least one from among a plurality of different incentives, with each incentive associated with at least one of the product or service items and associated with at least one of the third party advertisers, wherein there is at least one different incentive from each of a plurality of the different third party advertisers, each of the incentives offering at least one benefit in exchange for at least one action associated with a purchase of at least one of the items"; "and facilitating the offering of at least one of the incentives to the buyer entity, with the condition precedent for this operation that the system has received from that buyer entity the at least one respective third party purchase record or information verifiably derived therefrom." In fact, an ever-increasing cross-industry and across multiple industries database of verifiable buyer entity purchase information is incited by an ever-increasing cross-industry set of contingent incentives, and vice versa. The greater the number of participating buyer entities, the greater the attractiveness of the present system to new third party advertisers. In turn, as the number of third party advertisers increases, the system becomes increasingly attractive to buyer entities, and the number of participating buyer entities increases as well.

Third, the present invention has a similar synergistic effect with respect to the virtuous cycle between the provision of information by a buyer entity and the buyer entity's response to system-generated incentive offers (this third synergy is hereafter referred to as "the virtuous circle"). It flows from the claim language in the receiving step as well as from the claim language, "for a plurality of product or service items offered for sale...with each incentive associated with at least one of the product or service items and associated with at least one of the third party advertisers" "facilitating the offering...with the condition precedent". As a buyer entity augments its profile with increasingly comprehensive and varied information, it

receives better (more highly remunerated) incentive offers, and becomes more likely to respond. As it responds by purchasing products or accepting incentive offers, that information will normally be uploaded into the system as well. Because advertisers/merchants have the greatest interest in paying for the provision of incentive offers to those buyer entities that have a track record of previously responding to system-generated incentive offers, the attractiveness of their incentive offers increases further and buyer entities will have an incentive to submit purchase records that testify to their response to prior promotions. The resulting increased attractiveness of incentives to the buyer entity increases the further likelihood of its response to such an increasingly attractive incentive, and so forth.

A fourth synergy that the present system generates is that advertisers compete for the business of buyer entities by setting incentive reward levels that will give their particular incentive offer a higher standing as buyer entities sort their incentive offers by level of attractiveness, or as the system presents these offers to buyer entities in a sequence determined by their value. We refer to this synergy as the "internal competition synergy". It flows from the claim language in the receiving step as well as from the claim language, "for a plurality of product or service items offered for sale...with each incentive associated with at least one of the product or service items and associated with at least one of the third party advertisers" "facilitating the offering...with the condition precedent". As a result of this competition, a market is effectively created for the new business of a buyer entity, based on that buyer entity's purchase record, and its demonstrated propensity to respond to incentive offers for new products and services.

#### **Conclusion for Claim 207**

In conclusion, the invention represents a fundamental exchange begun by the buyer entity of anonymized verifiable purchase record information against incentive offers. None of the references above, contemplates such an exchange between buyer entities and merchants, or discloses either the submission of third party purchase records as defined in the claim language, or the consequent offering of incentives, as defined in the claim language, as a driving motivator for the exchange.



**Conclusion to Remarks**

What has been defined in the present claims is a way of aggregating incentives from a wide variety of "third party merchants" to thereby incent consumer buyer entities or corporate buyer entities to provide verifiable third party proof of purchase records or information derived therefrom to build a database with the permission to send targeted emails and other communications implicitly or explicitly given by the buyer entity to the cross-industry database operator. The end result is a system of predicting future purchase behavior based on past purchase behavior across a wide variety of merchants, credit card accounts, and checking accounts, without restriction to a given industry or to a given financial account, or to a given non-competing set of companies. This powerful system motivates consumers to provide self profiling of their past purchase history based not on monetary awards, but rather on an aggregated set of incentives across a variety of different industries. Importantly, this unique method of creating a comprehensive database inherently brings with it the implicit or explicit permission from the buyer entity to receive targeted emails and other communications from the system, thereby eliminating a threshold step required in many sectors of obtaining a permission from the buyer entity.

In the three preceding substantive office actions, the Examiner has made three extraordinarily thorough attempts to retroactively and with the benefit of hindsight piece together the defining elements of the present inventive embodiments. All office actions have been marked by a highly unusual amount of effort and skill, and an extraordinary zeal and determination to take adversarial positions to the present application, in keeping with the current practiced policy of the patent office in its present disposition of 705 patent applications.

Nevertheless, the key elements required for claim 1 and claim 207, and their dependent claims, are missing in the cited prior art. Further, a motivation to combine the multiple references cited by the examiner in order to create a system that is viable is missing, much less a system that meets the specific limitations of applicants' claims. It is time to move this application forward.

The Examiner is invited to contact the undersigned by telephone if it is felt that a telephone interview would advance the prosecution of the present application.

The Commissioner is hereby authorized to charge any additional fees which may be required regarding this application under 37 C.F.R. §§ 1.16-1.17, or credit any overpayment, to Deposit Account No. 19-0741. Should no proper payment be enclosed herewith, as by a check being in the wrong amount, unsigned, post-dated, otherwise improper or informal or even entirely missing, the Commissioner is authorized to charge the unpaid amount to Deposit Account No. 19-0741. If any extensions of time are needed for timely acceptance of papers submitted herewith, Applicant hereby petitions for such extension under 37 C.F.R. § 1.136 and authorizes payment of any such extensions fees to Deposit Account No. 19-0741.

Respectfully submitted,

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